



GAMBLING CONTROL COMMISSION

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Date: March 2, 2007

Anthony Miranda, Chair
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Allison Harvey, Executive Director
California Tribal Business Alliance
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Sacramento, California 95814

Lynn Valbuena, Chair
Tribal Alliance of Sovereign Indian Nations
P.O. Box 3137
Patton, California 92369

Re: Tribal-State Regulatory Association Proposed Regulation – Minimum Internal Control Standards

Dear Friends:

As you are aware, one of the basic assumptions underlying the Tribal-State Gaming Compacts, as reflected in section B of the Preamble, is that pursuant to the Indian Gaming Regulatory Act (IGRA), regulatory jurisdiction lies with three sovereigns: the tribe, the state and the federal government.

In holding that the National Indian Gaming Commission (NIGC) did not have the authority under IGRA to promulgate or enforce Minimum Internal Control Standards (MICS) as they relate to Class III gaming, the Circuit Court of Appeals for the District of Columbia (*Colorado River Indian Tribe (CRIT) v. NIGC*, 466 F.3d 134 (D.C. Circuit, 2006)) changed that basic assumption and altered the regulatory landscape for tribal gaming in California.

While the State Gaming Agency (SGA) has always had the authority, with regard to Class III gaming, under section 7.4 of the Compact, to inspect the Tribe's gaming facility and to have access to records relating to the conduct of Class III gaming, much of that regulatory function has heretofore been left to the National Indian Gaming Commission. In light of the CRIT decision, the state and a number of tribes have realized that while the Compact clearly gives to the tribes primary responsibility for the regulation of Class III gaming, the SGA will now have to play a more active oversight role with regard to the Tribe's responsibilities under Compact sections 6.1 and 8.0.

Anthony Miranda
Allison Harvey
Lynn Valbuena
March 2, 2007
Page 2

Therefore, the state in cooperation with Association representatives will be presenting a proposed regulation regarding Minimum Internal Control Standards at the next Association meeting scheduled for May 2, 2007, at the Fantasy Springs Resort Casino.

We look forward to working with your member tribes and welcome the input of your tribal gaming associations and their representatives on the Association. The Association process in the last few years has seen an increasing level of cooperation on a government-to-government basis in dealing with common regulatory issues. We sincerely hope to continue to build on that momentum.

If you have any questions, comments, or suggestions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Dean Shelton". The signature is written in a cursive, flowing style.

Dean Shelton, Chair
Gambling Control Commission